BUILT BY AND FOR EVANSTON
August 1, 2019: Presented for the Evanston Housing and Homelessness Commission
The Problems

• Housing Mismatch & Cost
• Missing Middle Class
• Decreasing African-American Population
• Rising Construction Costs
• Climate Change
Council Takes Tangible Steps Toward An Affordable Housing Plan

BY SHAWN JONES

City staff presented a white paper detailing the affordable housing crisis in Evanston, complete with suggested strategies designed to address the crisis, at a special City Council meeting on Oct. 30. Council heard the report, then voted to take several immediate steps toward implementing aspects of the recommendations, including an Evanston rental subsidy program, overhauling the Inclusionary Housing Ordinance (IHO) to better reflect facts on the ground, studying possible zoning law tweaks, creating more paths to home ownership, and other proposals.

The IHO requires developers of residential developments to include a certain percentage of affordable housing units in projects. City staff talked about affordable housing as an important City goal. Since the election, several events have pushed the conversation further, and stoked community interest and, at times, outrage.

A controversial Housing Opportunities for Women project on Dempster Street, which if built would provide 16 units for low-income families, faced a buzzsaw of protest from neighbors. Developers sought but did not receive $500,000 from the City’s AHF. A proposed development at Chicago and Howard proposed an additional four units of affordable housing on site, and asked for $1 million from the AHF. Council also denied that request.

The two proposals highlighted the fact developers knew of the AHF and knew conclusion. Developers of a project at 824 Noyes, now under construction, decided to comply with the IHO by providing on-site affordable units.

Currently, three major apartment projects are in the pipeline, including the Albion project at 1531 Sherman. The developers propose to include 15 affordable units on-site. A citizen group has protested, claiming, among other things, the on-site units are not sufficient, too small, and are likely to drive up rent elsewhere. Council introduced the project at its last meeting and is slated to vote on final approval at its next meeting.

All this provides context for Council as they digested staff’s white paper and responded to suggested strategies.
Evanston Becomes First Illinois City to Commit to 100 Percent Clean, Renewable Energy

The city passes bold Climate Action and Resilience Plan, outlines path to renewable electricity

Tuesday, December 11, 2018

Contact:
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Stephanie Steinbrecher, Sierra Club Ready for 100 Campaign, stephanie.steinbrecher@sierraclub.org

EVANSTON, IL -- Yesterday, the Evanston City Council unanimously approved its new Climate Action and Resilience Plan (CARP), which includes a commitment to achieve 100 percent renewable electricity supply community-wide by 2030, along with other bold climate goals.
EDC Solutions

- High-Performance Construction
- Local Workforce Development
- Sensible Housing
  - Coach Houses
  - Small Footprint Houses
- Co-op Business Model
Sensible Housing

Coach Houses

Smaller Houses
Why Small Homes?

- Smaller homes are:
  - more cost effective to build
  - environmentally sustainable
  - more affordable
What is a Coach House?

- Evanston code definition: “a secondary or accessory dwelling located on the same zoning lot as the principal dwelling unit” (6-18-3)
- Must be associated with parking
Aldermen approve changes to city code allowing for rental of coach houses

Jane Recker, Assistant Monthly Editor
April 30, 2018

Aldermen amended city code at an April 23 council meeting to allow the rental of coach houses to non-family members, a change that aims to increase affordable housing.
Evanston’s Coach House Opportunities
Why and How Does EDC Build?
Our Process
Our Process
Our Product
High-Performance Construction
Added Safety

- Fireproof insulation
- Ultra-strong structures

Structures still standing in St. John, after Hurricane Irma, Sep. 6, 2017
Our Construction Partners

- Signed MoU with CEO Charles Leahy
  Exclusive Chicagoland Distributor
  Structurally-Insulated Wall Panels

- 3-Year Relationship with Bob Fisher
  Preferred Pricing
  Lumber, Doors, Windows

- Preferred Pricing
  Energy Efficient HVAC
Our Cooperative

• Incorporated as an Illinois cooperative
• 1 Member, 1 Vote
• Two classes of shareholders:
  • Class A (workers)
  • Class B (residents)
• $10,000 investment cap per IL co-op law

Our Cooperative Goal:
Collaborate to Build the Housing Evanston Needs.
Our Local Workforce

- Owns and Governs Our Co-Op
- Gets a Job in Sustainable Construction
- Must Be Evanston Residents
- Will possess a Majority of Seats on the Board of Directors

Our Workforce Goal:
Bring Innovative, 21st-Century Construction Jobs to Evanston.
EVANSTON DEVELOPMENT COOPERATIVE RECEIVES $60,000 GRANT FROM CITY OF EVANSTON

11 MARCH 2019  EDC  PRESS RELEASE

At a meeting on Monday night, the Evanston City Council voted unanimously to grant Evanston Development Cooperative (EDC) $60,000 from the city’s Community Development Block Grant (CDBG) Economic Development Fund.
How can EDC and the City of Evanston work together on housing affordability?
Our Goals in Partnership

1. Build safe, healthy, and affordable homes that address our collective values.

2. Find innovative ways to finance affordable housing construction.

3. Engage in honest dialogue about what housing fits residents’ needs.

4. Become a regional leader that demonstrates how public-private partnerships can address housing equity and affordability.
EDC’s Role in Coach House Construction

Our Construction Goal:
Make Coach House Construction Simple for Homeowners.
Affordable ADU’s in US Cities

New Project Aims to Finance Backyard Homes for Section 8 Tenants in Los Angeles

San Jose: Mayor proposes forgiving loans to...

San Jose: Mayor proposes new ADU program to boost housing
Sam Liccardo wants to offer forgiving loans to build granny flats
How are Coach Houses Financed?

Most ADU’s are financed by:

a. Home Equity Line of Credit
b. Cash-Out Refinance
c. Personal Savings

Problems with Current Financing:

a. Homeowners set rental rates
b. Hard to rent out affordably on a month-to-month basis
c. Low and moderate-income homeowners can’t finance
Land Trust Coach Houses

- Land Trusts set affordable rental rates in perpetuity
- EDC builds high-quality coach houses

**Model 1:** The City of Evanston could support Land Trust coach houses with HOME assistance or the Affordable Housing Fund.
1. How can we create lending agreements with homeowners to rent coach houses affordably?

2. How can we subsidize coach house construction for low or moderate-income residents to help them stay in Evanston with rental income and added property value?

3. How can coach house financing from the Affordable Housing Fund achieve the City’s goals of affordability and equity in housing?
Model 2A: 80% AMI Rental ADU

- 2-Bedroom Unit at 80% AMI
- 20-Year Loan
- 1% Interest Rate
- 20 Years of Affordability
**Model 2B: 60% AMI Rental ADU**

- **2-Bedroom Unit at 60% AMI**
- **25-Year Loan**
- **Zero Interest**
- **25 Years of Affordability**

### Monthly Cost of Coach House

<table>
<thead>
<tr>
<th>Annual Property Tax Increase</th>
<th>$19.64</th>
<th>$2,858.63</th>
<th>$2,849.00</th>
<th>$10%</th>
<th>$25.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Insurance Increase</td>
<td>$250.00</td>
<td>$3,000.00</td>
<td>$3,000.00</td>
<td>$10%</td>
<td>$300.00</td>
</tr>
<tr>
<td>Critical (Electricity + Water)</td>
<td>$25.00</td>
<td>$275.00</td>
<td>$275.00</td>
<td>$10%</td>
<td>$30.00</td>
</tr>
<tr>
<td>Maintenance</td>
<td>$93.33</td>
<td>$1,200.00</td>
<td>$1,200.00</td>
<td>$10%</td>
<td>$144.00</td>
</tr>
<tr>
<td>Vacancy (6.5 months/year)</td>
<td>$63.54</td>
<td>$900.00</td>
<td>$900.00</td>
<td>$10%</td>
<td>$108.00</td>
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**Total Monthly Cost:** $919.33

### Monthly Income

<table>
<thead>
<tr>
<th>100% AMI</th>
<th>80% AMI</th>
<th>60% AMI</th>
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</thead>
<tbody>
<tr>
<td>Gross Rent</td>
<td>$2,005</td>
<td>$1,600.00</td>
</tr>
<tr>
<td>City Subsidy</td>
<td>$50.00</td>
<td>$40.00</td>
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<tr>
<td><strong>Total</strong></td>
<td>$2,055</td>
<td>$1,640.00</td>
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### Monthly Balance

<table>
<thead>
<tr>
<th>100% AMI</th>
<th>80% AMI</th>
<th>60% AMI</th>
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</thead>
<tbody>
<tr>
<td>Loan Payment</td>
<td>$500.00</td>
<td>$400.00</td>
</tr>
<tr>
<td>Operating Costs</td>
<td>$502</td>
<td>$401.60</td>
</tr>
<tr>
<td>Income</td>
<td>$2,005</td>
<td>$1,640.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$543</td>
<td>$443</td>
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### Return on Investment

<table>
<thead>
<tr>
<th>100% AMI</th>
<th>80% AMI</th>
<th>60% AMI</th>
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</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$500.00</td>
<td>$400.00</td>
</tr>
<tr>
<td>Sale of House (Value)</td>
<td>$140,000</td>
<td>$112,000</td>
</tr>
<tr>
<td>Coach House “BTWN”</td>
<td>$133,219</td>
<td>$106,575</td>
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<tr>
<td><strong>Total</strong></td>
<td>$203,219</td>
<td>$158,575</td>
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Model 3: Help Priced-Out Homeowner

- 2-Bedroom Unit at 100% AMI
- 20-Year Loan
- Zero Interest
- Low/Moderate-Income Homeowner makes ~$600/month
Model 4: City-Owned Land

2120 and 2122 Darrow Avenue
“If you want to go fast, go alone.
If you want to go far, go together.”